

# Wholesale Banking

“Despite the unprecedented disruption from the COVID-19 pandemic, Wholesale Banking continued to deliver strong performance in FY2021, recording an income growth of 22.0% YoY. Our commendable results were primarily driven by a strong performance from Group Treasury and Markets (GTM), with growth in flow ancillary income such as foreign exchange (FX) and equities along with careful positioning arising from global interest cuts. We maintained our momentum in improving customer experience through bespoke Cash Management solutions together with online ecosystems. Similarly, we partnered with Fintechs, eCommerce businesses and other corporates to explore new opportunities and market spaces that better meet customer onboarding, payment and collection needs during the pandemic. Overall, we have made commendable progress in customer experience excellence, evidenced by a significant increase of 23.3% in our Current Account Savings Account (CASA) base.”



**RAJA TEH MAIMUNAH RAJA ABDUL AZIZ**  
 Managing Director  
 Wholesale Banking, AmBank Group



**TOTAL INCOME**  
 FY2021

**RM1,509.2** MILLION

RM1,237.1 MILLION IN FY2020



**PROFIT BEFORE PROVISIONS (PBP)**  
 FY2021

**RM1,227.5** MILLION

RM934.2 MILLION IN FY2020



**PROFIT AFTER TAX (PAT)**  
 FY2021

**RM747.2** MILLION

RM772.0 MILLION IN FY2020

## ABOUT US

At Wholesale Banking, we cater to the banking needs of mid-sized and large corporations from various economic sectors and industries. With business solutions experts, supported by client coverage teams that deliver world-class service, we offer our clients an extensive repertoire to help meet their diverse financial services’ needs. These offerings include cash management, trade solutions, financing, foreign exchange (FX), remittances, investments, treasury, debt and equity capital markets solutions and more. We comprise of three main divisions:

### Corporate Banking

Offers a full range of products and services of corporate lending, trade finance, offshore banking and cash management solutions to wholesale banking clients.

### Transaction Banking

Delivers cash management solutions, trade products and remittances to corporate clients.

### Group Treasury and Markets (GTM)

Manages liquidity for the banking group and offers financial markets solutions to a broad range of clients across all asset classes. The sales and trading activities cover fixed income, interest rates, foreign exchange, money market, equity, commodities and derivatives.

## KEY INITIATIVES & OUTCOMES

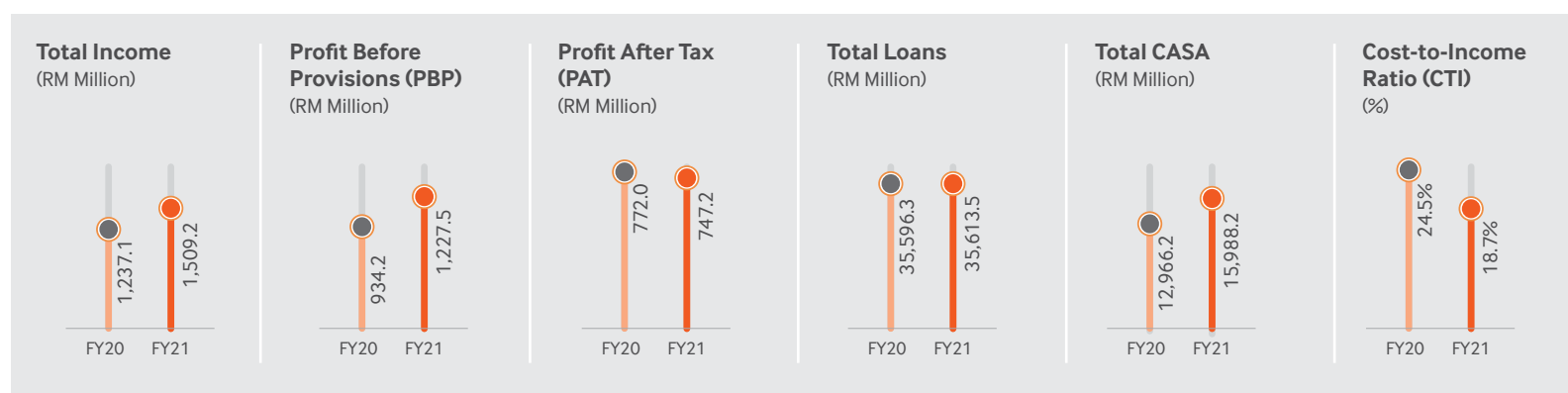
Key Initiatives	Outcomes
<p><b>Equity Derivatives</b></p> <ul style="list-style-type: none"> <li>Strengthened our footing in the equity derivatives space.</li> <li>Honed our structured warrants issuance and equity option market-making capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Achieved 12.0% market share in structured warrants.*</li> </ul> <p>* As at 31 March 2021 (Source: Bursa Malaysia)</p>
<p><b>Fast &amp; Simple eFX</b></p> <ul style="list-style-type: none"> <li>Implemented digital FX pricing, execution and distribution engine (eFX) through existing digital channels.</li> <li>Continued to progress with the inclusion of FX as a key product for our corporate and retail client base.</li> </ul>	<ul style="list-style-type: none"> <li>Improved digital enablement to assist in growing customer base and added value to existing customers.</li> <li>Alleviated traffic flow to redirect focus to advisory and solutions whilst reducing operational risk.</li> </ul>
<p><b>Bespoke and innovative digital banking solutions</b></p> <ul style="list-style-type: none"> <li>Developed Fintech partnerships to tap into new market solutions and customer segments, including e-Wallets, cryptocurrency, money services and Payment Service Agents (PSAs).</li> <li>Became the first bank in Malaysia to offer bespoke solutions via the exposure of Application Programming Interfaces (APIs), to enable our Fintech partners to fully digitalise their onboarding journey.</li> <li>Executed RENTAS settlements for DuitNow transactions for non-bank participants, including managing merchant settlements for these participants.</li> <li>Assisted the onboarding process for Fintech customers through bespoke APIs.</li> <li>Facilitated smaller merchants PSAs to adopt e-commerce via FPX.</li> </ul>	<ul style="list-style-type: none"> <li>Provided secure, real-time, reliable, accurate and significant enhancements for key customers, such as using APIs to facilitate the onboarding process for Rakuten Trade. More than 11,000 new accounts were activated at the beginning of the Movement Control Order (MCO) period in March 2020 and grew to 145,000 by end of October 2020.</li> <li>Formed strategic partnership with Merchantrade Asia Sdn. Bhd. to enable Hybrid e-Wallet, enabling Merchantrade's customers to enjoy a much larger e-Wallet capacity while reaping the benefits of Current Account-i, the first-of-its-kind with the largest wallet size of RM50,000.</li> <li>Demonstrated our position as one of the key players in the banking industry in accelerating the growth of cashless payments in Malaysia, by acting as a settlement bank to enable Finexus to participate in DuitNow, a retail payment platform operated by Payments Network Malaysia Sdn. Bhd. ("PayNet").</li> <li>Contributed to the 23.3% YoY growth in CASA.</li> </ul>
<p><b>Virtual Account Solutions</b></p> <ul style="list-style-type: none"> <li>Provided Virtual Accounts for all major buyers and customers of our client, Hicom-Teck See Manufacturing (M) Sdn. Bhd. The virtual accounts allow the client to monitor and reconcile their collections efficiently.</li> </ul>	<ul style="list-style-type: none"> <li>Enabled the clients to precisely identify the total collection from each of its buyers, both locally and internationally.</li> <li>Helped the clients to manage between RM20.0 million to RM30.0 million of collections per month.</li> </ul>
<p><b>Internal Collaborations</b></p> <ul style="list-style-type: none"> <li>Strengthened collaborations with Wholesale Banking, Transaction Banking and AmBank Islamic to penetrate municipalities throughout the country.</li> </ul>	<ul style="list-style-type: none"> <li>Enriched our product offerings with successful sign-ups for various cash management products and increasing CASA balances.</li> </ul>

## Wholesale Banking

### OUR PERFORMANCE

In FY2021, Wholesale Banking remained undeterred by the volatile market environment as we tightened risk management and precisely executed strategy. We registered an income of RM1,509.2 million, growing 22% YoY and contributing to 33% of the total Group's revenue. Net interest income grew 29% YoY due to higher investment and trading securities income. Non-interest income was higher YoY, mainly driven by Markets trading revenues, sales of equity derivatives and shares revaluation gain. Transaction Banking remained focused on building operating accounts via cash management solutions to secure sticky CASA. As a result, CASA experienced a stellar growth of 23.3% YoY.

GTM delivered another year of solid performance, with income growth of 70.4% YoY. GTM also ensured that the Group's liquidity position remained sound during this challenging period by growing the deposit base by 6.6% YoY while keeping funding costs down. Liquidity Coverage Ratio (LCR), a key measure of liquidity for all operating entities, remained above the regulatory requirement of 100%. Due to proactive increases in loan loss provisions on anticipated new loan losses caused by the COVID-19 pandemic, our YoY PAT fell by 3.2%.



### AWARDS & RECOGNITION



- Alpha South-East Asia Awards 2020**
  - Best FX Bank for Corporates and Financial Institutions (9<sup>th</sup> Consecutive Year)
  - Best FX Bank for Structured Products: Commodities, Credit, Equity, FX and Multi-Assets for FX and Treasury segment
- Asset Benchmark Research: Malaysia's Best Local Currency and Bond Individuals in Research, Sales and Trading for 2020**
  - Sales: Ranked 3<sup>rd</sup> (Ho Su Farn)
  - Trading: Ranked 2<sup>nd</sup> (Akmal Zaid Mansor)
- Malaysian e-Payment Excellence Award (MEEA) 2020**
  - Outstanding Contributions to JomPAY (4<sup>th</sup> consecutive year)
  - Top JomPAY Acquirer (1<sup>st</sup> year)
- Outstanding Digital Acceleration in Response to COVID-19 2020**
  - Honoured by The Digital Banker (Singapore) for our non-face-to-face customer acquisition enabler for Rakuten Trade
- Best Islamic Finance Project Finance Deal of The Year**
  - Pengerang LNG (Two) Berhad's RM1.7 billion (US\$410.5 million) Project Financing Sukuk Murabahah
- Alpha SEA: 14<sup>th</sup> Annual Best Deal/Solution Awards 2020**
  - Best FIG Islamic Finance Deal – MBSB Bank Berhad's MYR1.3 billion Sukuk Wakalah Issuance
  - Best Local Currency Sukuk – Dialog Group Berhad
- The Asset Triple A Islamic Finance Awards 2020**
  - Best Bank Capital Sukuk – MBSB Bank MYR1.30 billion Tier 2 Sukuk Wakalah Issuance
  - Best NBFI Sukuk – MNRB Holdings MYR320 million Subordinated Murabahah Sukuk
- The Digital Banker Award**
  - Outstanding Digital Acceleration in response to COVID-19

## COVID-19 IMPACT & RESPONSE

COVID-19 Impact	Our Response	Outcomes
<p>Cash flow disruptions of customers/borrowers and loan moratoriums by BNM impacted our deposits and business activities.</p> <hr/> <p>All physical customer engagement events were put on hold due to the Movement Control Order (MCO).</p> <hr/> <p>Restrictions in physical movements led to new practices in terms of digitalisation, customer behaviours and execution of banking documents.</p>	<ul style="list-style-type: none"> <li>Leveraged on our diversified customer base to mitigate any major impact on our deposit base.</li> <li>Proactively engaged our customers to understand and help them navigate the unique and unprecedented challenges presented by the pandemic.</li> <li>Provided repayment assistance to SMEs and corporates with impacted cash flows, offering proactive solutions and assistance such as restructuring and rescheduling of existing loan payments.</li> <li>Increased frequency of counterparty credit reviews, in order to identify emerging potential credit risks.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Conducted online customer engagements, including market outlook seminars and customer appreciation events.</li> <li>Conducted regular virtual meetings to stay connected with our customers.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Worked closely with our IT and operations counterparts to ensure our e-channels are able to serve an increased volume of online customers.</li> <li>Remained vigilant during the processing of online documents to prevent fraud and potential losses.</li> </ul>	<p>Deepened new and existing customer base, achieving 20% YoY growth on our flow franchise business.</p> <hr/> <p>Improved efficiency and accessibility during customer engagements.</p> <hr/> <p>Mitigated system issues and ensured we fulfilled our customers' payment instructions promptly, and minimised cases of fraud within Wholesale Banking.</p>

## RISKS & MITIGATION

Challenges/Risks	Mitigation Strategies	Results
<p><b>Increase in Online and Micro Payment Transactions</b> A high volume of low-value transactions threatens system processing due to bottlenecks.</p> <hr/> <p><b>Product Development/Management</b> Non-compliance with Product Approval Papers and outdated product documents.</p> <hr/> <p><b>Potential Defaults</b> Default risk arising from multiple financing of invoices.</p>	<ul style="list-style-type: none"> <li>Introduced a queue processing mechanism in middleware to eliminate bottlenecks.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Obtain product approval from Group Product Forum.</li> <li>Periodically review product documents.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Collaborations with BNM and PayNet and use of distributed ledger technology to ensure that invoices are not financed multiple times.</li> </ul>	<p>Seamless and efficient processing of online/micropayment transactions, with an expected reduction in turnaround time and rejected transactions.</p> <hr/> <p>Zero breaches against product approvals and no outdated product documents recorded.</p> <hr/> <p>Progressively reduced multiple financing.</p>

## PROSPECTS & OUTLOOK

In FY2022, we anticipate new challenges as the world continues its transition into the new normal. Financial and capital markets will have to navigate the economic challenges and uncertainty. Our clients are expected to face a disruption in cash flow due to slow business demand arising from several lockdown, thus impacting business growth and asset quality. Therefore, wholesale banking remains focus to ease the financial burden of our clients.

We will continue to refine our suite of products and services, both conventional and Shariah, to meet our clients' evolving needs. This includes the launching of our PayNet products, in which we will leverage on our first-mover advantage. Other strategic initiatives in the pipeline include forging new partnerships and collaborations that will enable us to deliver niche banking solutions to our clients. Overall, we aim to build sticky CASA, promote healthy loans growth and building capital light revenues. With the current and pipeline initiatives bundling, coupled with our Fintech and eCommerce partnerships, we are confident in our ability to continue delivering customer value, grow our CASA balance, and improve our revenue.